



Full Commission Meeting

Tuesday, January 10, 2006

10:00 a.m.

General Assembly Building

House Room C

Richmond, Virginia

APPEARANCES:

The Honorable Charles R. Hawkins, Chairman

The Honorable Terry G. Kilgore, Vice Chairman

Mr. Thomas W. Arthur

Mr. Stephen S. Banner

The Honorable Kathy J. Byron

Mr. J. Carlton Courter, III, Commissioner of Agriculture and
Consumer Services

The Honorable Barnie K. Day

The Honorable Allen W. Dudley

Mr. Fred M. Fields

Mr. Scott M. Harwood, Sr.

Mr. L. Jackson Hite

The Honorable Clarke N. Hogan

Mr. Jordon M. Jenkins, Jr.

The Honorable Joseph P. Johnson, Jr.

Ms. Minnie B. Lane

Mr. Buddy Mayhew

Mr. H. Ronnie Montgomery

The Honorable Harrison A. Moody

Ms. Connie C. Nyholm

The Honorable Edward Owens

The Honorable Philip P. Puckett

The Honorable Frank M. Ruff

APPEARANCES: (cont'd)

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1 Mr. John M. Stallard
2 Mr. Bryant L. Stith
3 Mr. James C. Thompson
4 The Honorable William C. Wampler, Jr.
5 The Honorable Thomas C. Wright, Jr.
6

7 COMMISSION STAFF:

8 Mr. Ned Stephenson, Acting Executive Director
9 Mr. Timothy Pfohl, Grants Program Administration Manager
10 Ms. Stephanie Wass, Director of Finance
11 Ms. Britt Nelson - Grants Coordinator, Southside Virginia
12 Ms. Sara Griffith - Grants Coordinator, Southwest Virginia
13

14 OFFICE OF THE ATTORNEY GENERAL:

15 Mr. Francis N. Ferguson, Deputy Attorney General,
16 Counsel for the Commission
17 Ms. Anne Marie Cushmac, Senior Assistant Attorney General,
18 Counsel for the Commission
19 Ms. Stephanie Hamlett, Senior Assistant Attorney General,
20 Bond Counsel
21
22
23
24

25 SENATOR HAWKINS: Good morning, everyone. We
26 have a heavy schedule this morning, and I understand there are several things that will be
27 brought up that aren't on the Agenda, so let's get started.

28 Call the roll, Ned.

29 MR. STEPHENSON: Mr. Arthur?

30 MR. ARTHUR: Here.

31 MR. STEPHENSON: Mr. Banner?

32 MR. BANNER: Here.

33 MR. STEPHENSON: Secretary Bennett?

34 SECRETARY BENNETT: (No response.)

35 MR. STEPHENSON: Mr. Bryant?

36 MR. BRYANT: (No response.)

37 MR. STEPHENSON: Delegate Byron?

38 DELEGATE BYRON: Here.

39 MR. STEPHENSON: Commissioner Courter?

40 COMMISSIONER COURTER: Here.

41 MR. STEPHENSON: Mr. Day?

42 MR. DAY: Here.

43 MR. STEPHENSON: Delegate Dudley?

44 DELEGATE DUDLEY: Here.

1 MR. STEPHENSON: Mr. Fields?
2 MR. FIELDS: Here.
3 MR. STEPHENSON: Mr. Harwood?
4 MR. HARWOOD: Here.
5 MR. STEPHENSON: Mr. Hite?
6 MR. HITE: Here.
7 MR. STEPHENSON: Delegate Hogan?
8 DELEGATE HOGAN: Here.
9 MR. STEPHENSON: Mr. Jenkins?
10 MR. JENKINS: Here.
11 MR. STEPHENSON: Delegate Johnson?
12 DELEGATE JOHNSON: Here.
13 MR. STEPHENSON: Ms. Lane?
14 MS. LANE: Here.
15 MR. STEPHENSON: Mr. Mayhew?
16 MR. MAYHEW: Here.
17 MR. STEPHENSON: Mr. Montgomery?
18 MR. MONTGOMERY: Present.
19 MR. STEPHENSON: Mr. Moody?
20 MR. MOODY: Here.
21 MR. STEPHENSON: Ms. Nyholm?
22 MS. NYHOLM: Here.
23 MR. STEPHENSON: Mr. Owens?
24 MR. OWENS: Here.
25 MR. STEPHENSON: Senator Puckett?
26 SENATOR PUCKETT: Here.
27 MR. STEPHENSON: Senator Ruff?
28 SENATOR RUFF: Here.
29 MR. STEPHENSON: Secretary Schewel?
30 SECRETARY SCHEWEL: (No response.)
31 MR. STEPHENSON: Mr. Stallard?
32 MR. STALLARD: Here.
33 MR. STEPHENSON: Mr. Stith?
34 MR. STITH: Here.
35 MR. STEPHENSON: Mr. Thompson?
36 MR. THOMPSON: Here.
37 MR. STEPHENSON: Senator Wampler?
38 SENATOR WAMPLER: Here.
39 MR. STEPHENSON: Mr. West?
40 MR. WEST: (No response.)
41 MR. STEPHENSON: Delegate Wright?
42 DELEGATE WRIGHT: Here.
43 MR. STEPHENSON: Vice Chairman Kilgore?
44 DELEGATE KILGORE: Here.

1 MR. STEPHENSON: Chairman Hawkins?

2 SENATOR HAWKINS: Here.

3 MR. STEPHENSON: You have a quorum, Mr. Chairman.

4 SENATOR HAWKINS: Thank you, sir. I need a motion
5 for the approval of the Minutes for November 10th, at our last meeting. It's been moved
6 and seconded the Minutes from November 10th be approved. All in favor say aye?
7 (Ayes.) Opposed? (No response.)

8 All right, Mr. Lewis wanted to say something, but we've got Stephen
9 Rosenthal. Steve, thank you all for the reception last night, and the building is absolutely
10 gorgeous. I'd like to make an appointment with the main architect. It's just a wonderful
11 building, and a nice evening. It's nice to know where the money is located in Richmond.

12 MR. ROSENTHAL: We appreciate all your comments.

13 Mr. Chairman and members of the Commission, a quick update. Total
14 claims paid to date, \$43,302. That equates to \$18,547,000 and some change. We have
15 also approved another 803 claims, which will be paid in the next round, and that will be
16 paid in the next 20 or 30 days, and that amounts to about 92 1/2 thousand dollars.

17 We're currently working to approve the applications of about 40 additional
18 farms. These are farms that have multiple owners and in many cases require an
19 ownership change.

20 We're currently preparing to mail the 1099's, which probably will be
21 mailed around January 20th.

22 Finally, we'd like to propose for your approval a schedule for the 2006
23 program. We propose that the verification forms be mailed on April 28th, that work
24 sessions with claimants in various jurisdictions be during the week of May 8 to 12, that
25 you set a deadline for the submission of verification forms, May 19, which is
26 approximately three weeks after the forms have been mailed. We anticipate the payment
27 date to be June 5, and we would request the approval of that.

28 SENATOR HAWKINS: Thank you. Is there a motion for
29 approval? So moved and seconded, all in favor say aye? (Ayes.) Opposed? (No
30 response.) Thank you, sir.

31 Thank you all again, you all have done a fantastic job with a
32 complicated issue.

33 MR. ROSENTHAL: Thank you, we enjoy working with
34 all of you.

35 SENATOR HAWKINS: Next we have a report from the
36 Agribusiness Sub-Committee, Delegate Joe Johnson.

37 DELEGATE JOHNSON: Mr. Chairman and members of
38 the Commission. December 8th the Agribusiness Committee met at Crist, Virginia at the
39 R. J. Reynolds Home, a very beautiful place. We had a quorum present. After much
40 discussion we have two motions.

41 The Agribusiness Committee recommends that the Commission continue
42 to use the 1998 Farm Service Agency database for making Phase 1 indemnification
43 payments to producers for the year 2006. I'll make that as a motion.

1 SENATOR HAWKINS: There's a motion, is there a
2 second? It's been moved and seconded the motion be agreed to. All those in favor of
3 maintaining that year, say aye? (Ayes.) No? (No response.)
4 That's carried. Thank you.

5 DELEGATE JOHNSON: The other motion, Mr. Chairman,
6 is that the Agribusiness Committee recommends the adoption of the following policy
7 with respect to the Southwest Beef Improvement Project and the Southside Value-added
8 Beef Initiative Project.

9 The motion is, eligible applications shall be limited to one per person, and
10 further limited to not more than \$5,000 granted to any one applicant. This is to permit
11 more people to participate. We so move.

12 DELEGATE KILGORE: Delegate Johnson, is
13 that one time?

14 DELEGATE JOHNSON: One time. Because of the
15 funding, we didn't have adequate funding later the application for grant requests for
16 funding took in more counties, both in Southside and Southwest; therefore, we have to
17 limit the amount.

18 SENATOR HAWKINS: Delegate Wright.

19 DELEGATE WRIGHT: Mr. Chairman, I've been a strong
20 supporter of this program from the very beginning. I recall back when Linda Wallace and
21 several Farm Bureau people approached me, and the Extension people, and I was sold on
22 this cattle program. We were told to go back in our areas and let people know what was
23 available. I think it's important that we realize the importance of our agriculture economy
24 and what it gives toward our total output.

25 I think, if anything, this program should be expanded, because there was a
26 lot of confusion last year. I met with Britt and Linda in my office concerning this. There
27 was no policy that said you couldn't apply more than once. As a matter of fact, originally
28 I believe three applications of \$5,000 each for different areas. One was for genetics, one
29 might be for enhancement, and so forth. That was cut back to only one application of
30 \$5,000. I've had farmers in my area that applied the second round, and they went in and
31 they had good applications and so forth, they were not told until the end that they were
32 ineligible because they had already gotten money once.

33 I know this is not the intention of the Agribusiness Committee. I have the
34 utmost respect for Delegate Johnson and the job he's done on it. We just got through
35 securitizing, we've got a tremendous amount of money we can spend, and I can't think of
36 a much better way than we try to find a way for these farmers to enhance their production
37 and go into other areas other than tobacco. If you have a good program, why do you
38 want to limit it to just one \$5,000 application? I remind you that this grant is a matching
39 grant. The farmer first has to have an eligible application, then he has to match the grant.

40 I'm opposed to Motion B. I'm a strong supporter of the program, and I for
41 one would like to see more money put into it. I'm not sure how this would be considered
42 in the motion, but I'm disappointed in the amount of money that's been recommended for
43 Southside. Southside has been recommended for an increase of \$300,000 of a \$900,000
44 budget. That means Southside is only going to be given a third of the funds available,

1 although they do stand to apply for some of the remaining \$250,000 that Virginia State
2 will be in charge of. I do oppose Motion B on those grounds.

3 I'm in favor of the program, and I want to see it expanded. I don't
4 understand the rationale of saying only one time is all you can apply. If the problem is
5 money, I say give more money to it.

6 SENATOR HAWKINS: Delegate Johnson.

7 DELEGATE JOHNSON: May I respond to that? Delegate
8 Wright, I know you've been in favor of this. Let me tell you something and let you in on
9 a secret. If this Commission will give the Agribusiness more money to spend, then we'll
10 take care of your suggestion.

11 DELEGATE WRIGHT: If you're making a motion, I'll
12 second it.

13 DELEGATE DUDLEY: Mr. Chairman.

14 SENATOR HAWKINS: Delegate Dudley.

15 DELEGATE DUDLEY: Joe, I want to ask you, this motion
16 has got \$5,000 granted to any one applicant, and then in one of the subsequent motions,
17 and Amelia County's Southside Value-added Beef Initiative Expansion Project, it says the
18 Committee recommends an award of
19 \$300,000 with maximum cost-share grant of \$4,000 per producer and a limit of one
20 award per producer. It looks like we have two different numbers, and I'm confused.

21 MR. PFOHL: Mr. Chairman and Delegate Dudley, the
22 motion in front of you would apply to the awards that were made last year from the
23 Agribusiness Committee. The program that is near wrapping up right now, that did have
24 a \$5,000 per producer cap in the Southside program. So this would apply to the program
25 that is almost wrapping up in Southside.

26 DELEGATE DUDLEY: The \$4,000 would apply to what?

27 MR. PFOHL: The \$4,000 was the Staff's suggestion that
28 the Committee endorse regarding the next round of Southside Beef funding. In the round
29 of Southside Beef funding that is wrapping up right now, their average award was in the
30 ballpark of about \$4,000. We thought that in order to spread the money to more
31 producers we should recognize that as probably being the necessary cap for Southside as
32 we move forward.

33 DELEGATE DUDLEY: I guess what we're saying
34 is \$5,000 under the old program and 4 under the new one?

35 MR. PFOHL: Yes, exactly.

36 MR. MONTGOMERY: Mr. Chairman, per producer, if
37 your wife and children own cattle each, each one, is that limited per farm, or is it limited
38 per household or per farm?

39 DELEGATE JOHNSON: That was not discussed, we
40 assumed that one man or one wife or one child, one award. I don't think we envisioned to
41 maybe have five in a household. It's per farm, so if you've got five people on the farm --

42 MR. MONTGOMERY: -- In Southwest it's \$3,000 per
43 farm, is that right?

44 MR. PFOHL: Yes.

1 SENATOR HAWKINS: Mr. Mayhew.

2 MR. MAYHEW: I had an opportunity to sit in on a number
3 of occasions, maybe four meetings, and I saw the ex-officio representing the Commission
4 and with the Oversight Committee, which was meeting in Halifax with Ms. Wallace, the
5 group that represented each of the counties that were participating at the time. A lot of
6 discussion was given to this on numerous occasions. The simple matter of the thing is
7 that it's not that the Commission or the group is trying to cut anybody out of having more
8 than one application. It's just a matter of mathematics and numbers.

9 There are a lot of people that want to be part of this program.
10 If you start giving an individual two dips into it, then it's very likely someone else would
11 not get any because of a first-come first-served basis. Even though there was a minute
12 amount of money left over at the end of the year, it was negligible, because pretty much
13 everybody that applied was able to get at least one, and that pretty much used up the
14 money.

15 If we had unlimited funds and the Commission wanted to go in that
16 direction, I could see where you could let an individual have two or three if they really
17 wanted to put the money out. To do the most good and reach the most families,
18 producers, if you will, it's almost imperative from a fairness standpoint that it be limited
19 to one person, and this was discussed many times. Then at our Agribusiness Committee
20 meeting it was then discussed at length, and it was the recommendation that we brought
21 forward, as you see that has been presented here today, limiting it to one person.

22 DELEGATE WRIGHT: Mr. Chairman, I agree about the
23 fairness aspect of it, but I'm going to offer an amendment to say that, and you may want
24 to reword this. I say that if the money is available, first-time people first, any money left
25 over will go to people who have an eligible application, whether they have had a previous
26 proposal or not. That way it takes care of the fairness issue that Buddy was talking about,
27 because the people who have not made an application or had a grant before will have first
28 choice. That will let everyone that wants to, make an application, and only consider the
29 ones that have had a previous grant after the ones that have been awarded on the first
30 time.

31 That's the commonsense thing to do, in my opinion, because we want as
32 many farmers as possibly can to participate in this program and not do damage to the
33 ones that have not participated before. Again, I think in the future we should look to even
34 adding more money to the program.

35 I make the motion, Mr. Chairman, the way it's stated.

36 SENATOR HAWKINS: My understanding of your motion
37 is that the applications will be for one time the first round, and any money left over, those
38 that receive money one time can receive it again.

39 DELEGATE WRIGHT: My motion is people can apply for
40 the money whether they've had a previous grant or not, but the people that have not
41 received money before get first choice. After that money is taken up, then the application
42 will be considered from the ones that had a previous grant.

43 SENATOR HAWKINS: It's been moved and seconded that
44 that motion be agreed to, which puts the policy that any monies left over after the initial

1 applications, those that have received an application and grant can apply again. Is that
2 basically what you're saying?

3 DELEGATE WRIGHT: Yes, sir. I'd like to make it clear
4 that the people can apply before the deadline so that their applications are on the table.
5 They don't have to wait until the entire process has been through and then make
6 applications, that would put them too far down the line.

7 DELEGATE KILGORE: If they've been awarded initially,
8 then they can apply?

9 SENATOR HAWKINS: Anyone have a comment?

10 MR. MAYHEW: I'd like to make one last comment. This
11 was not brought forward lightly, and it represents the feelings of a lot of people that it
12 would be a little bit premature to go in this direction right now. You have counties out
13 there that have producers that would like to be participating that have not even had the
14 first chance yet. We've already cut funds back from the requested amounts. I just can't
15 imagine that there's going to be enough left over at this point for this to be even a
16 consideration, but that's my opinion.

17 SENATOR HAWKINS: Mr. Day.

18 MR. DAY: Delegate Johnson, how much money would it
19 take, how much additional money would it take to hold everyone harmless?

20 DELEGATE JOHNSON: Millions.

21 MR. DAY: We're not even close?

22 DELEGATE JOHNSON: No, sir.

23 DELEGATE WRIGHT: Mr. Chairman, I'd like to make
24 one final comment. I do know of a county that has money left over and application on
25 the table. There's nothing that I see anything wrong at all with, with just a safeguard.
26 Don't disqualify anybody. Let them make the application with the understanding that the
27 first-timers have the first crack at it.

28 SENATOR HAWKINS: Any other comments? When we
29 got into this discussion some years ago we wanted to make sure that we opened up this
30 process to as many people as possible and to make sure the farming community had a
31 chance and make it competitive and for them to be competitive in the marketplace. In
32 order to do that, people are just starting to find out what programs we have in place. In
33 order for a person to go back and reapply and get grants for the same program time
34 after time again, and there are other people that have received nothing to
35 date, I'm not sure that's a policy we need to start, since the Agribusiness Committee that
36 has worked on this in their sub-committee dealing with people that are producers, and
37 this is the thing that has come out of the sub-committee based on that discussion and that
38 understanding.

39 Having said that, call the roll. This is on the primary motion, passing the
40 amendment recommended by Delegate Wright and seconded by Mr. Hite.

41 DELEGATE JOHNSON: Mr. Chairman, might I add that
42 this argument was had before we passed the resolution earlier.

43 MR. STEPHENSON: Mr. Arthur?

44 MR. ARTHUR: No.

1 MR. STEPHENSON: Mr. Banner?
2 MR. BANNER: No.
3 MR. STEPHENSON: Secretary Bennett?
4 SECRETARY BENNETT: (No response.)
5 MR. STEPHENSON: Mr. Bryant?
6 MR. BRYANT: (No response.)
7 MR. STEPHENSON: Delegate Byron?
8 DELEGATE BYRON: (No response.)
9 MR. STEPHENSON: Commissioner Courter?
10 COMMISSIONER COURTER: No.
11 MR. STEPHENSON: Mr. Day?
12 MR. DAY: Yes.
13 MR. STEPHENSON: Delegate Dudley?
14 DELEGATE DUDLEY: No.
15 MR. STEPHENSON: Mr. Fields?
16 MR. FIELDS: No.
17 MR. STEPHENSON: Mr. Harwood?
18 MR. HARWOOD: No.
19 MR. STEPHENSON: Mr. Hite?
20 MR. HITE: Yes.
21 MR. STEPHENSON: Delegate Hogan?
22 DELEGATE HOGAN: No.
23 MR. STEPHENSON: Mr. Jenkins?
24 MR. JENKINS: Yes.
25 MR. STEPHENSON: Delegate Johnson?
26 DELEGATE JOHNSON: No.
27 MR. STEPHENSON: Ms. Lane?
28 MS. LANE: No.
29 MR. STEPHENSON: Mr. Mayhew?
30 MR. MAYHEW: No.
31 MR. STEPHENSON: Mr. Montgomery?
32 MR. MONTGOMERY: No.
33 MR. STEPHENSON: Mr. Moody?
34 MR. MOODY: No.
35 MR. STEPHENSON: Ms. Nyholm?
36 MS. NYHOLM: No.
37 MR. STEPHENSON: Mr. Owens?
38 MR. OWENS: No.
39 MR. STEPHENSON: Senator Puckett?
40 SENATOR PUCKETT: No.
41 MR. STEPHENSON: Senator Ruff?
42 SENATOR RUFF: Aye.
43 MR. STEPHENSON: Secretary Schewel?
44 SECRETARY SCHEWEL: (No response.)

1 MR. STEPHENSON: Mr. Stallard?
2 MR. STALLARD: Yes.
3 MR. STEPHENSON: Mr. Stith?
4 MR. STITH: Yes.
5 MR. STEPHENSON: Mr. Thompson?
6 MR. THOMPSON: No.
7 MR. STEPHENSON: Senator Wampler?
8 SENATOR WAMPLER: No.
9 MR. STEPHENSON: Mr. West?
10 MR. WEST: (No response.)
11 MR. STEPHENSON: Delegate Wright?
12 DELEGATE WRIGHT: Yes.
13 MR. STEPHENSON: Vice Chairman Kilgore?
14 DELEGATE KILGORE: Yes.
15 MR. STEPHENSON: Mr. Chairman?
16 SENATOR HAWKINS: No.
17 MR. STEPHENSON: We have eight ayes.
18 SENATOR HAWKINS: The amendment fails. The
19 primary motion before us is adoption of Section B.
20 DELEGATE JOHNSON: Mr. Chairman, in order
21 to clear up the confusion or frustration, I'd like to offer an amendment, and it would read
22 as follows: Eligible applications shall be limited to one per farmer, strike person and put
23 farmer.
24 SENATOR HAWKINS: An amendment has been offered
25 by the Chair of the Sub-Committee, and insert farmer instead of person. Is there a
26 second? It's been moved and seconded, all in favor say aye? (Ayes.)
27 Mr. Day.
28 MR. DAY: Is the word we want application or award?
29 MR. PFOHL: Award is the bottom line.
30 SENATOR RUFF: Mr. Chairman, if it can't be awarded but
31 one to a farm, I'm not sure we should make a lot of people sending multiple applications.
32 I would prefer to see it at left at application.
33 MR. FERGUSON: Mr. Chairman, I take it Mr. Day's
34 question is predicated on the fact that you may apply one time and be unsuccessful but
35 later apply and be awarded. I guess that would be the argument in favor of using the
36 word award, understanding that it could create problems, and Senator Ruff has referred to
37 even after someone has gotten an award and they reapply uselessly. If they know that's
38 the rule, hopefully that won't happen. I think the word award is probably the better word,
39 because it does clarify that if you've been an unsuccessful applicant in the past, you can
40 apply again in hopes of getting your sole award.
41 SENATOR HAWKINS: Would you restate your
42 motion? Are you okay with your motion the way you stated it, Delegate
43 Johnson?
44 DELEGATE JOHNSON: Yes.

1 SENATOR HAWKINS: Does that answer your question?

2 MR. DAY: Yes.

3 SENATOR HAWKINS: All in favor say aye? (Ayes.)

4 Opposed? Motion carries.

5 MR. FIELDS: Mr. Chairman, I think Delegate Wright has
6 a very good idea for this, I think we need to look at more money, and I think we need to
7 look at that in Agribusiness and decide that issue in our Agribusiness Sub-Committee and
8 bring it back.

9 SENATOR HAWKINS: I think that's an excellent
10 suggestion. I'd certainly hope that under the leadership of Delegate Johnson you can all
11 come back with a recommendation how we handle a second application and a second
12 grant. There needs to be some fundamental understanding within the Committee how it
13 could be structured, because it's a major consideration. It should come out of the Sub-
14 Committee with people involved in it. I think you're absolutely right. Delegate Wright's
15 point is well taken, but I think it's up to the Sub-Committee to do that and come back
16 with a recommendation.

17 All right.

18 DELEGATE JOHNSON: Next, Mr. Chairman, there were
19 a total of 12 applications, and three were approved or recommended to be approved to the
20 full Commission, those three being the Abingdon Feeder Cattle Association, Inc.,
21 \$350,000, and the request was \$600,000, and we approved \$350,000. The Amelia
22 County Project requested \$380,000, and the Committee approved \$300,000. Virginia
23 State University, the Rural Virginia Agribusiness Initiative: New Directions and Profits
24 for a New Generation request was \$425,000, and the Committee approved \$250,000. The
25 total amount requested was \$2,279,955.00, and we spent or allocated \$900,000.

26 Mr. Chairman, I move that those three recommendations be approved.

27 SENATOR HAWKINS: Is there a second? There's a
28 second. It's been moved and seconded, all in favor say aye? (Ayes.) All right, that's
29 approved.

30 DELEGATE WRIGHT: Mr. Chairman, I'm curious why
31 the Southside only got \$300,000 out of a \$900,000 budget. My area is really in need of
32 this particular program, and I'm certainly in favor of it. We've got people that are, some
33 of the tobacco farmers have gone out of the tobacco farming and trying to get into the
34 cattle business, and so forth. I'm wondering how the Committee decided to appropriate
35 the money in the amount that they did.

36 DELEGATE JOHNSON: Mr. Chairman, if I may.

37 SENATOR HAWKINS: Yes.

38 DELEGATE JOHNSON: New counties in Southside
39 Virginia added Amelia County, Dinwiddie County, Greensville County, Nottoway
40 County, Prince Edward County. In Southwest Virginia the new counties were Wise,
41 Dickinson, and Tazewell County. They were added to give more counties an opportunity
42 to participate, and we'll get back to the \$64,000 question. We just didn't have the money.
43 There were a lot of small applications or requests for small amounts, and we could not,
44 maybe in your district there may have been a smaller one. We looked at it as a regional

1 thing, how could we best spread the money, covering a larger area, make sure we get the
2 most for our buck. Even in my district and Delegate Kilgore's and Senator Wampler's we
3 didn't get, we had a lot of applications that we had to turn down because we didn't have
4 the funding for it. The reason is we didn't have the money. I think if this Commission
5 wants to give the Agribusiness Committee more money to spend, we'll take care of more
6 people.

7 DELEGATE WRIGHT: My concern is more money, but
8 another concern I expressed to this Commission numerous times is how the money we
9 have is appropriated, and my concern is --

10 SENATOR HAWKINS: -- Does this get into your --

11 DELEGATE WRIGHT: -- Yes.

12 SENATOR HAWKINS: Let's hold that. The Agribusiness
13 Committee has done a very good job, Joe.

14 All right, Secretary Bloxom, would you like to say a few words? I know
15 you have a busy schedule. Congratulations on your reappointment.
16 Delegate Johnson, would you mind yielding for a minute? Thank you.

17 SECRETARY BLOXOM: Thank you, very much. I'm
18 really not here to make a presentation. I very much appreciate the opportunity, because
19 what we're involved in is, the intention is to make our farmers and people profitable so
20 they'll stay on the farm and maintain the type of progress they've made in the past. We
21 hope to be raising the focus of agriculture to a new level, and hopefully now we can
22 continue on in the next few years and make that even better for our agriculture people and
23 our farmers.

24 So, thank you all very much for the part you're playing as we develop new
25 programs. We're putting together some specialty items, and thank you all very much.

26 SENATOR HAWKINS: Look forward to working with
27 you.

28 SECRETARY BLOXOM: Thank you.

29 SENATOR HAWKINS: Delegate Johnson, I apologize for
30 interrupting.

31 DELEGATE JOHNSON: Those were the three projects
32 that we had.

33 SENATOR HAWKINS: Delegate Wright has made a point
34 that we'll probably get into in a second. I would like to make one comment about the
35 sub-committee system. It's not that I'm opposed to a couple of things that have been
36 suggested. We have a system put in place that works based on the knowledge of people
37 that have been appointed to various sub-committees, and we need to use that knowledge,
38 I think. For us to bypass the work of the sub-committees, to me, unless they were a real
39 threatening problem that must be addressed, it would create a flow that I don't think we
40 could handle if we started doing everything as a whole. The
41 sub-committees are in place to make recommendations based on an
42 understanding of the subject matter that they are charged with.

43 I'm also concerned about bypassing the sub-committees and coming to the
44 full Commission if you just happen to dislike something that the sub-committee has done.

1 The recommendations of the sub-committees should have some prominence. If we took
2 everything to the full Commission we'd never finish a meeting.

3 Having said that, Delegate Wright has a position that he'd like to offer to
4 the Commission, and we've discussed it over the last several meetings. Today he'd like to
5 present it as a formal motion.

6 DELEGATE KILGORE: But before we do that we have a
7 motion on the table, we need to do that first.

8 SENATOR HAWKINS: The recommendation of Delegate
9 Johnson is that the award of the grant, adoption of, the award of the grants. It's been
10 moved, and there's a second, any discussion? All in favor say aye? (Ayes.) Opposed?
11 (No response.)

12 DELEGATE JOHNSON: Thank you, sir.

13 SENATOR HAWKINS: Delegate Wright. This is not on
14 the Agenda, but there's a motion by Delegate Wright based on the arguments he's going to
15 put forth.

16 DELEGATE WRIGHT: Thank you, Mr. Chairman, and I
17 appreciate your courtesy in giving me the time to take a few minutes today, although it's
18 not on the Agenda.

19 I have the greatest respect for my colleagues here from the Southwest, my
20 colleagues in the General Assembly. I feel like when we work together we do the best we
21 can for each area. My concern is the way
22 that the money is being appropriated. This is an example of it here. There's
23 \$900,000 in this budget. Southside Virginia, or the Southside region,
24 according to this formula that was set up to distribute funds, to be given 73 percent. On
25 this particular budget item, we're getting 30-some percent. We do have an option to get
26 some of the money, the \$250,000 from the Virginia State University project. Southside,
27 in my opinion, is not getting the money that they should be getting. This holds true in
28 Technology, Education, Special Projects, and it holds true in Agribusiness.

29 The way it works, the indemnification of the tobacco farmers and
30 Economic Development is done on a 73/27 basis. My understanding is that that was
31 agreed upon based on each region's loss of tobacco quota. Southside and Southwest both
32 experienced dramatic changes in their economy based on the decrease of revenue from
33 tobacco production, and it's getting worse. In my area I can see the effect it's having on
34 the economy. I wish Southwest nothing but the best. Southwest and Southside both
35 should support a logical way of distributing these funds.

36 As I said, the 73/27 split right now only applies to indemnification of the
37 tobacco farmers and Economic Development. My proposal would be that that would
38 apply for Education, Special Projects, Agribusiness and Technology. We've got, over 25
39 years, 1.4 billion dollars as has been projected by Global Insight, an international
40 research firm hired by the Tobacco Commission. This represents the money we'll get
41 over this 25-year period from the MSA and also represents the 300 million dollars that we
42 got from the securitized bond sales. The 1.4 billion doesn't even
43 include possible interest we may get on the 300 million, only includes the
44 projected revenue from the MSA.

1 So, we owe it to future recipients and residents and constituents and
2 people of this Commission to have a system in place to divide the money up. In years to
3 come we all won't be on this Commission. The reason I say it's to Southwest's advantage
4 is because if we don't have a logical way to divide the money, one day they may get less
5 than they're entitled to, and I think it's important that we do that.

6 I have prepared a resolution that will accomplish the 73/27 split, and I've
7 got the resolution prepared, and I would ask the Director to read it and distribute it to the
8 Commission.

9 MR. STEPHENSON: Would you like it distributed at this
10 time?

11 DELEGATE WRIGHT: Yes.

12 SENATOR HAWKINS: What I would like to have, since
13 it's being passed out in written form, is a motion to waive reading of this. It doesn't have
14 to be read in the record, and we can read it ourselves.

15 SENATOR RUFF: So moved.

16 SENATOR HAWKINS: It's been moved and seconded to
17 waive the reading. All in favor say aye? (Ayes.) Opposed? (No response.) The intent, I
18 think, is fairly clear.

19 DELEGATE WRIGHT: Mr. Chairman, the reason I prefer
20 to have it read is so there'd be a clear understanding of what we're talking about. The
21 history of this is that in 1998 the tobacco companies
22 were forced into lawsuits, and they entered into an agreement with the
23 states, and the State of Virginia gets payments from the tobacco companies based on that
24 settlement. It goes to Southside and Southwest Virginia. There needs to be a formula set
25 up for those funds to be divided.

26 If this Commission was a corporation and the Commission was the Board
27 of Directors, in my opinion, we'd be in sad shape with the shareholders who would be our
28 constituents. We need to have a set way of dividing the money, and there is nothing in
29 place to do it. Each area needs to know what they're going to get, and it needs to be done
30 in a fair way. The fair way to do it is based on what your loss is due to what the tobacco
31 quota loss was. There's not a fairer way to do it that I know of than that, and that would
32 give an assurance in the future as to how the funds would be distributed. We wouldn't
33 have a problem, as the Chairman mentioned that at practically every meeting there's
34 disagreement on how the money is being distributed. It would give us credibility that
35 we're doing this in a legitimate way. Rather than prolong it, that's the basic premise of
36 this resolution that's been prepared. It would have a system set up to divide the money
37 between both regions.

38 SENATOR HAWKINS: Thank you. Mr. Day.

39 MR. DAY: Mr. Chairman, with all due respect, if we adopt
40 this resolution we don't need this Commission.

41 SENATOR HAWKINS: That's exactly right.

42 MR. DAY: We need a lawyer, Mr. Ferguson, and a Staff,
43 and we need these bond geniuses that are making this money for us.
44 It seems to me that if we pass this resolution we're going to take away,

1 which I think is the most important part of this, which is how this money is
2 distributed, that's the judgment aspect of it. If we blindly apply a 73/27 formula to every
3 request that comes along, where is there room for judgment?

4 MR. MAYHEW: Mr. Chairman, I'm in the Southside area,
5 but in defense of the Southwest people, I'd like to put forth the thought that if we don't
6 talk about tobacco pounds, let's look at how many people are involved with these tobacco
7 pounds. You take the guy in Southside Virginia that's got 50,000 pounds allotment, and
8 his counterpart in Southwest Virginia might have 5,000 pounds. If you look at the
9 number of people affected and the communities that are consequently affected you can
10 almost make an argument that there's more people, or more harm to be done, or good to
11 be done, in Southwest Virginia than there is in Southside, and I'm a Southside person. I
12 don't think we need to have an us-against-them attitude develop. I think we've worked
13 good the number of years that the Commission has been in effect, and the fact that we've
14 got the latitude to make decisions, maybe one year swing it one way and maybe give
15 Southside more than their share and the next year give Southwest more, depending on the
16 projects that come before us and what we feel is in the best interest of both areas. I think
17 we've got a good system the way it is.

18 SENATOR HAWKINS: Thank you, sir. Before we get
19 into the vote I have a history lesson I propose. Those of us that were around when the
20 initial legislation was passed, we had an understanding with the General Assembly that
21 the charge given to us was one that we took very seriously. We started from scratch to
22 develop a system to redevelop the economy in Southside and Southwest Virginia.

23 The formula we put into place was based on the reality of that
24 point in time, dealing with an understanding that we had a crisis situation on our family
25 farms, and we put a great deal of money into the family farms almost immediately.

26 It also came to our attention early on that without some flexibility to be
27 able to rise to the questions that were brought up by many Economic Development
28 inquiries that we would not be able to live up to the responsibilities that we had on
29 Economic Development, which was a key component of the legislation. Southside and
30 Southwest Virginia, in order to be able to have a flow of Economic Development to
31 benefit all of our people, need to have the ear of the Commission so we can make
32 decisions based on the innovation realities of the programs that are being offered to us.
33 By closing down the options we have as a Commission, it limits our ability to govern the
34 money we've been given charge of.

35 Also, remember that early on we understood as a Commission that we
36 needed flexibility, and the guidelines were put into place. To change the formulary
37 requires a two-thirds vote of this Commission. Everything we have done to change the
38 formulary has had the two-thirds majority of this Commission and therefore has a
39 safeguard built in it to make sure we do not overreach our own ambition and commitment
40 to make sure that they're kept in balance.

41 We've worked long and hard to develop a trusting relationship among all
42 members of this Commission, and to limit our ability to be able to address Economic
43 Development situations in any community, be it Southwest or Southside Virginia, limits
44 our responsibility and limits our ability to rise to the charge given to us by the General

1 Assembly. We need to be very aware that if we just start cutting checks to localities that
2 we represent, or any other community, farmer or otherwise, we will lose all control over
3 the decision-making process that we have to go through. I
4 don't take that lightly, and this is a very serious matter to me. If we had this formulary in
5 place, this telecommunication piece would never have been completed. A lot of things
6 we're dealing with are across county lines that would have never taken place. If you
7 remove the flexibility of the
8 appointed members of this Commission to govern this Commission, we lose the ability to
9 manage our own monies, and I for one think that's a major mistake.

10 MR. FIELDS: Mr. Chairman, I'm not going to preach
11 another sermon about 73/27. I think it was probably the worst decision we made since
12 the Commission was formed. I disagreed with it that day, but that's all in the past. I can
13 foresee in the future if we pass this we'll split the money, and we'll go home to Southwest
14 Virginia, and I'll
15 never have to travel to Richmond again up 81, which would be nice. Split the money two
16 ways, we'll just then return the hogs into the trough. I'm against this, and I hope, I hope
17 that many others follow that. I think Southside will need us, and we'll probably need you
18 folks.

19 SENATOR HAWKINS: Any other comments? Mr.
20 Harwood.

21 MR. HARWOOD: With all due respect to Delegate
22 Wright, I'd like to point out that I think fairness is relative. When you look at the money,
23 with the Agribusiness Committee the Southside Virginia got 79 percent of the money that
24 they applied for, and the other folks only got 58 percent. I'm a newcomer on this
25 Commission, but what I've seen in the sub-committees is absolute fairness, and I would
26 like to see that continue.

27 SENATOR HAWKINS: It's been years of development of
28 trust and a working relationship we have, and I don't see anything wrong with the way it's
29 working. Any other comments? This is a serious matter, and it's been brought up two or
30 three times, and we need to make a policy decision today. If we're going to do it, let's do
31 it now, one way or the other.

32 DELEGATE WRIGHT: Mr. Chairman, one final remark. I
33 want to make it clear I look forward to working with my friends from Southwest on the
34 Tobacco Commission in the future, and in the General Assembly as well. This item I'm
35 discussing has nothing to do with the Tobacco Commission not having any future
36 authority. The only thing I'm saying is that currently dividing 73/27 on indemnification
37 to the farmers and Economic Development. So it's not like it's any new proposal. All I'm
38 saying is let's have continuity across the whole spectrum. It's nothing of us-versus-them
39 sort of thing, and it protects everybody. That's my only comment.

40 SENATOR HAWKINS: Not to get into a running debate,
41 but are there any other comments before we vote on this matter?

42 MR. FIELDS: Mr. Chairman, you said it was going to take
43 a two-thirds vote to change this formula.

44 SENATOR HAWKINS: That has been our policy,

1 or our rule we adopted from the beginning, it takes a two-thirds vote.

2 MR. FERGUSON: Mr. Chairman, unfortunately, I
3 don't have the By-laws in front of me. I intended to bring them today, but I didn't. My
4 recollection is that the By-laws say that if there's a change in the formula it has to be by a
5 two-thirds vote. As I understand the motion, we're not changing the existing formula
6 creating a new one for other categories.

7 SENATOR HAWKINS: A simple majority would carry the
8 resolution.

9 MR. FERGUSON: My ruling is subject to challenge, a
10 simple majority.

11 SENATOR HAWKINS: All those in favor of this
12 resolution that's been offered by Delegate Wright, say aye? (Ayes.) Opposed? (No's.)
13 It's the opinion of the Chair the motion fails.

14 DELEGATE WRIGHT: What about a roll call?

15 SENATOR HAWKINS: There's two that I know of, or three.

16 SENATOR PUCKETT: Call the roll.

17 SENATOR HAWKINS: Call the roll.

18 MR. STEPHENSON: Mr. Arthur?

19 MR. ARTHUR: No.

20 MR. STEPHENSON: Mr. Banner?

21 MR. BANNER: No.

22 MR. STEPHENSON: Secretary Bennett?

23 SECRETARY BENNETT: (No response.)

24 MR. STEPHENSON: Mr. Bryant?

25 MR. BRYANT: (No response.)

26 MR. STEPHENSON: Delegate Byron?

27 DELEGATE BYRON: No.

28 MR. STEPHENSON: Commissioner Courter?

29 COMMISSIONER COURTER: No.

30 MR. STEPHENSON: Mr. Day?

31 MR. DAY: No.

32 MR. STEPHENSON: Delegate Dudley?

33 DELEGATE DUDLEY: No.

34 MR. STEPHENSON: Mr. Fields?

35 MR. FIELDS: No.

36 MR. STEPHENSON: Mr. Harwood?

37 MR. HARWOOD: No.

38 MR. STEPHENSON: Mr. Hite?

39 MR. HITE: Yes.

40 MR. STEPHENSON: Delegate Hogan?

41 DELEGATE HOGAN: No.

42 MR. STEPHENSON: Mr. Jenkins?

43 MR. JENKINS: Yes.

44 MR. STEPHENSON: Delegate Johnson?

1 DELEGATE JOHNSON: No.
2 MR. STEPHENSON: Ms. Lane?
3 MS. LANE: No.
4 MR. STEPHENSON: Mr. Mayhew?
5 MR. MAYHEW: No.
6 MR. STEPHENSON: Mr. Montgomery?
7 MR. MONTGOMERY: No.
8 MR. STEPHENSON: Mr. Moody?
9 MR. MOODY: No.
10 MR. STEPHENSON: Ms. Nyholm?
11 MS. NYHOLM: No.
12 MR. STEPHENSON: Mr. Owens?
13 MR. OWENS: No.
14 MR. STEPHENSON: Senator Puckett?
15 SENATOR PUCKETT: No.
16 MR. STEPHENSON: Senator Ruff?
17 SENATOR RUFF: Aye.
18 MR. STEPHENSON: Secretary Schewel?
19 SECRETARY SCHEWEL: (No response.)
20 MR. STEPHENSON: Mr. Stallard?
21 MR. STALLARD: No.
22 MR. STEPHENSON: Mr. Stith?
23 MR. STITH: No.
24 MR. STEPHENSON: Mr. Thompson?
25 MR. THOMPSON: No.
26 MR. STEPHENSON: Senator Wampler?
27 SENATOR WAMPLER: No.
28 MR. STEPHENSON: Mr. West?
29 MR. WEST: (No response.)
30 MR. STEPHENSON: Delegate Wright?
31 DELEGATE WRIGHT: Yes.
32 MR. STEPHENSON: Vice Chairman Kilgore?
33 DELEGATE KILGORE: No.
34 MR. STEPHENSON: Chairman Hawkins?
35 SENATOR HAWKINS: No. It's the opinion of the Chair
36 the motion fails, twenty-three against and four for.
37 Moving right along. Executive Committee Report.
38 DELEGATE KILGORE: Thank you, Mr. Chairman, I'll try
39 to move through this rather quickly. Yesterday we had a motion concerning the
40 VECTEC. The motion was that we recommended that the Grant No. 981 in favor of the
41 Virginia Electronic Commerce Technology Center at Christopher Newport University
42 (a/k/a VECTEC) be decided among the Southside Committee members with a
43 recommendation to be made to the full Commission. There were four options placed on
44 the table.

1 Option one was to affirm the placement of the new VECTEC facility in
2 Chase City.

3 Number two was to amend to change the location of the new VECTEC
4 facility from Chase City to South Boston.

5 Number three and four included additional grant money. Number three
6 was up the grant from \$400,000 to \$550,000 for the purposes of creating a full-time
7 VECTEC facility in Chase City and part-time facility in South Boston.

8 Number four would increase the grant amount from \$400,000
9 to \$600,000 for the purpose of creating a full-time VECTEC facility in both
10 Chase City and in South Boston.

11 I guess I would look to Delegate Hogan who was in charge of
12 this to make a recommendation to the full Commission.

13 DELEGATE HOGAN: Senator Ruff and I discussed it, and
14 we think we'll have a proposal ready for you in April, and we'll ask that we'll have
15 something for you then.

16 DELEGATE KILGORE: Mr. Chairman, I would move that
17 the motion concerning VECTEC be tabled until the April meeting.

18 SENATOR HAWKINS: Then we don't need a motion,
19 we'll just carry it over.

20 DELEGATE KILGORE: We had a discussion yesterday
21 concerning the Clawback agreement, and we recommended yesterday the adoption of the
22 following policy for all the grants, and each of the Commission members has that in front
23 of them, so I won't read that. Basically we had the discussion with the counsel and the
24 Executive Committee. I'd so move we recommend the adoption of the following policy
25 under Motion B.

26 SENATOR HAWKINS: It's been moved and seconded that
27 we adopt that motion. All in favor say aye? (Ayes.) Opposed? (No response.)

28 DELEGATE KILGORE: Number C, Mr. Chairman, we're
29 running a bit low on the TROF fund, which is the tobacco region's Opportunity Fund, and
30 Stephanie suggested that we transfer \$1,065,490 from undesignated funds to the TROF
31 fund, and I so move.

32 SENATOR HAWKINS: It's been moved, is there a
33 second? It's been moved and seconded that we adopt Motion C. Any
34 discussion? All in favor say aye? (Ayes.) Opposed? (No response.)

35 DELEGATE WRIGHT: I support this, and I hope that we
36 will have a recommendation to increase the Agribusiness Committee funds.

37 DELEGATE KILGORE: Motion Number D, the Executive
38 Committee affirmed the following policy for all grants: Project expenses eligible for
39 reimbursement by the Commission shall not include any administrative fees charged by
40 the applicant or its designated grant administrator.

41 I so move.

42 SENATOR HAWKINS: It's been moved and seconded that
43 Motion D be granted. All in favor say aye? (Ayes.) Opposed? (No response.) Motion
44 carries.

1 DELEGATE KILGORE: Motion E, the Executive
2 Committee recommends that the following statement be included in all grant application
3 guidelines, and that the Staff be instructed to be governed by the same. We're getting a
4 lot of requests for community centers, arts and culture programs. What this says is that it
5 will be a low priority, and you all can read that. Basically, leaving it up to the Southwest
6 and Southside Economic Development groups to make that decision. They're told up-
7 front these are a low priority.
8 I'd so move that we make that part of our grant application guidelines.
9 SENATOR HAWKINS: It's been moved and
10 seconded to adopt Motion E. All in favor say aye? (Ayes.) Opposed? (No
11 response.)
12 DELEGATE KILGORE: Mr. Chairman, one thing that we
13 didn't take up, or we took it up yesterday and we didn't, or that we failed to adopt or
14 suggested to this Commission that we adopted, were the state guidelines for travel. We
15 didn't do that. After discussion with Staff
16 and other members of the Commission, I believe it is important that we do adopt the State
17 Travel Guidelines. I think we've been advised by the State auditor that we should adopt
18 the State Guidelines for Travel. I think it would be to this Commission's advantage to
19 adopt those for all commissioners. We had this discussion yesterday, and there was some
20 confusion, and I think some of the questions have been answered in the meantime.
21 I would so move that we adopt it.
22 SENATOR HAWKINS: It's been moved, is there a
23 second?
24 MR. HITE: I'll second that.
25 SENATOR HAWKINS: If we do adopt the guidelines that
26 the Partnership uses, does that still bring us under what we need, Stephanie?
27 MS. WASS: Yes.
28 SENATOR HAWKINS: The Partnership has a different set
29 of guidelines.
30 MS. WASS: They do, but they also have some
31 other language in the code that allows them confidentiality agreements that
32 they entered into. That covers entertaining that we do not have.
33 SENATOR HAWKINS: We have no conflict or
34 confidentiality position, localities or locations. The motion is before us, and it's been
35 moved and seconded, that we adopt the regulations on travel and expenses. Any
36 discussion? All in favor say aye? (Ayes.) Opposed? (No response.)
37 DELEGATE KILGORE: That concludes my Executive
38 Committee report.
39 SENATOR HAWKINS: All right, next is the Executive
40 Director's Report.
41 MR. STEPHENSON: Yes, sir, Mr. Chairman, and I will be
42 very brief. Commission members, thank you for your work today, especially on these
43 Commission policy matters, and they are very difficult, but they are immensely helpful to
44 your Staff in carrying out the wishes of the Commission.

1 I'd like to point out several highlights for you while we're together, and
2 you can follow along in your book. In particular, Tab Number 5, where you see your
3 financials that the Staff has prepared for you. I want to note that we're about half way
4 through the year, and if you'll note, we have some balances remaining on several of the
5 committees. We only have one more Commission meeting scheduled between now and
6 the end of the fiscal year, so we have some work yet to do in these coming months in the
7 spring. In particular, Special Projects and Southwest Economic Development have
8 already scheduled some meetings.

9 I ask that you note Tab 6, and please place those dates on your calendar.

10 For our constituents who are present today, we have set a deadline of
11 March 1 for both of those committees' cycles, so we urge you to do your best work and
12 come forward with those applications. We already have in excess of twenty applications
13 before us, and we have some time left before March 1, so we can get this work done at
14 the very next Commission meeting, which will be the last one this fiscal year.

15 To my knowledge there is no Technology Committee meeting scheduled at
16 this time, but Delegate Hogan may want to call that at his prerogative to do so, for the
17 benefit of those in my hearing.

18 The budget process for the Commission will begin in a month or so. I
19 want to invite each one of you individually to speak to myself, or the Finance Director, or
20 any member of our Staff, about your wishes with respect to the budget. We heard one
21 this morning, Delegate Johnson from the Agribusiness Committee, and we'll take that
22 into consideration. Others of you that have convictions about the formation of the
23 budget, please let us have those comments, so when that budget comes to the table for
24 work before the Executive Committee in April they will have had the benefit of your
25 input, and we welcome you to do that.

26 Stephanie is handing me a note by way of clarification that the State
27 Travel Regulations that we just adopted would be for both the commissioners and also
28 the Executive Director. All of us will be under the same umbrella, which is the intent of
29 that.

30 Mr. Pfohl advises me of a scheduled workshop on January 26,
31 and most particularly for our constituents, Tim does a wonderful job of leading these
32 folks through the nuts and bolts of how to prepare a good grant application, what the
33 intent of the Commission is, and to help clear up what we bring before you. That will be
34 held at the Southwest Higher Ed Center in Abingdon on January 26th. We welcome any
35 commissioner, as well as any constituents, to join us in that meeting.

36 Looking ahead a little bit, I just want to plant some ideas in your mind.

37 DELEGATE KILGORE: Will that workshop be advertised
38 with the local news media in Southwest Virginia?

39 MR. STEPHENSON: It will now. Thank you.

40 I want to plant some ideas in your mind, these are not conclusive matters,
41 but I think I want to get you to think in this direction. The Agribusiness Committee has
42 under consideration the idea of accelerating the Phase I payments from the current ten-
43 year schedule down to a shorter, maybe four-year schedule. You'll hear more about that

1 at budget time when it's appropriate, but I want that in your mind as a possibility for you
2 to think about.

3 Secondly, credit ratings on tobacco bonds have improved substantially
4 since the issuance of your bonds, and that makes it possible that a refinance may be
5 possible to extract more money from the bond market. I'm not suggesting that we should,
6 I'm just telling you that's a possibility, and I'd like that to be in your mind should that
7 arise in the future.

8 For those of you that were not present last night I want to welcome Connie
9 Nyholm, who is with us today at her first Commission meeting. Thank you, Connie, we
10 look forward to your voice in our affairs today.

11 I think Troutman has left the room, but I want to thank them for their work
12 last night, and also David Hudgins, who I believe is present, for his sponsorship last
13 night.

14 Mr. Chairman, that concludes my remarks. Thank you very much.

15 SENATOR HAWKINS: We want to welcome Ms. Nyholm
16 and our new members to the Commission, as well as Bryant Stith. Do you want to make
17 a comment on your educational experience today?

18 MR. STITH: I understand thoroughly.

19 SENATOR HAWKINS: I want to welcome you all and
20 look forward to working with both of you. We have an opportunity to make a difference
21 in people's lives that we represent, and we've made some major investments in our area to
22 date, and we'd like to continue to do so. If anything comes up in the way of questions,
23 just get in touch with our Staff, or you can discuss it with any of our members.

24 MR. STEPHENSON: I believe it's possible Delegate
25 Kilgore may have an item, Mr. Chairman.

26 DELEGATE KILGORE: Mr. Chairman, we discussed
27 yesterday at the Executive Committee meeting that out of the Southwest Economic
28 Development pot the Carter Fold, they're in Scott County, and they're one of the anchor
29 venues on the Crooked Road Heritage Music Trail. We had made some investments in
30 that back in 2003, and we've had a little cost overrun there. As far as the cost overrun,
31 I'm asking the Commission to do something now and not wait until April. I'm asking that
32 \$50,000 from the Southwest Economic Development pot be awarded to the Carter Fold
33 Memorial Music Center, Inc., which is a 501 C3 non-profit organization.

34 SENATOR HAWKINS: This comes as a recommendation
35 from the Southwest Economic Development Committee?

36 DELEGATE KILGORE: Yes, we discussed this.

37 SENATOR HAWKINS: Any discussion? It's
38 been moved and seconded that we adopt Grant Number 436 Carter Fold.
39 All in favor say aye? (Ayes.) Opposed? (No response.)

40 All right, any public comments.

41 MR. JOHNSON: Yes, I'm Ron Johnson. I'm rector of the
42 Board of Visitors of Virginia State University. I want to say thank you to all of you on
43 the Commission and the Committee and the Staff and all of those that worked on our
44 grant application for your approval of this grant today. We're extremely excited about

1 this project, and our Board is excited about it, too. After serving as rector for seven
2 years, this is certainly one of the defining moments for me to come before the
3 Commission and thank you for this first grant that we received. We're looking forward to
4 doing a great job with this grant, and perhaps in the future we can come back if we do
5 well and request additional funding. It's very competitive, and we understand that, and
6 we're going to do a great job.

7 Thank you, Mr. Chairman, and members of the Commission and the Staff.

8 SENATOR HAWKINS: Thank you, sir. Any
9 other comments? Is there a motion to adjourn? So moved, we're adjourned.

10
11 PROCEEDINGS CONCLUDED.
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17 CERTIFICATE OF THE COURT REPORTER
18
19

20 I, Medford W. Howard, Registered Professional Reporter
21 and Notary Public for the State of Virginia at large, do hereby certify that I was the court
22 reporter who took down and transcribed the proceedings of the **Virginia Tobacco**
23 **Indemnification and Community Revitalization Commission Full Commission**
24 **Meeting when held on Tuesday, January 10, 2006 at 10:00 a.m. in House Room**
25 **Commission, General Assembly Building, Richmond, Virginia.**

26 I further certify this is a true and accurate transcript to the
27 best of my ability to hear and understand the proceedings.

28 Given under my hand this _____ day of January, 2006.
29
30
31
32

33 _____
34 Medford W. Howard
35 Registered Professional Reporter
36 Notary Public for the State of Virginia at Large
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39 My Commission Expires: October 31, 2006.
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